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MEMORANDUM FOR: Chief, Physical Security Division, OS
FROM: [REDACTED]
Chief, Industrial Security Branch,
Office of Security
SUBJECT: ISB Universe

Sir Donal:

Recalleth your 2 November 1979 charge to:

- a. Define our universe
- b. Describe our target
- c. Accent reaudits

Complieth we with a and b
but nothing was done about category c;
for research has shown
that items unknown
surfaced reasons for defying thee.

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Our universe was defined for us in February 1978 by the D/OS paper setting forth the Branch's mission. The primary mission then, as now, is to conduct periodic, unannounced comprehensive security audits of Agency contractor facilities. To implement these audits, we obtained from OD&E and OL a composite list of [REDACTED] contractors involved with classified Agency contracts. These represent all of our audit possibilities but hardly our probabilities, as about [REDACTED] of the contractors on the list are very small and have classified contracts only because Agency interest must be hidden. As the information is usually one or two sterilized contracts, for some reason classified CONFIDENTIAL, it would be folly to attempt to audit all. 25X1A

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WARNING NOTICE

INTELLIGENCE PROVIDED FOR
AND METHODS INVOLVED

DERIVATIVE CL BY [REDACTED]

☐ DECL ☒ REVW ON 12 Dec 99

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Thus, our real world becomes more like [redacted] contractors who have significant amounts of Agency information that requires protection. This figure has been determined through the following research.

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As you may recalleth, OL submitted a list of [redacted] contractors to be audited and prioritized them "A" and "B." They used as the basis for their "A" prioritization

- a. Did the company have SI/TK as part of the contract
- b. Did they have a TS contract
- c. Did they have a long time relationship with the Agency

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If any of the companies met any of the above, they were rated "A." [redacted] were placed in this category.

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OD&E supplied a list of [redacted] contractors and prioritized them one, two, and three. They used as the basis for their prioritization, the number of SCI contracts at a company and the dollar value. [redacted] contractors were rated category "1," [redacted] category "2," and [redacted] category "3." Since [redacted] D&E contractors also have contracts with OL, we were provided with a total of [redacted] separate contractors to audit.

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After ISB had conducted about 85 audits, it became apparent that most of the major companies had been audited. So in August 1979, we asked OL and OD&E to supply an up-to-date listing of [redacted] contractors they would like to see audited during the next fiscal year. OL responded with [redacted] but OD&E only furnished [redacted] names explaining that these represented their remaining companies that had not been audited.

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Recently ISB conducted audits at four priority "A" companies and found no active contracts. One of these companies was selected from the OD&E list while the other three were from the OL list. Prior to the audits, ISB personnel conducted thorough research which included interviews with cognizant Industrial Security Officers. The auditors left for the audits with the belief that there was at least one active contract at these firms. All they found were residuals.

Contracts
"Completed" is a more accurate term

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These experiences cast doubts on the validity of the priority lists, and we had already audited all of those (except for [REDACTED] prioritized category "A" because of SI/TK or TS; the third criteria of OL, longevity, seemed to be the culprit. Before making any conclusions, however, an effort was made to ascertain if OL and OD&E had supplied us with a complete listing of companies that should be rated "A" by their own criteria.

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OL was asked to supply a list of all contractors who had SI/TK. They responded with a list of [REDACTED] which they advised was incomplete. Nevertheless there were eight on the list that had not been previously furnished. The Special Security Center also attempted to furnish a list of SI/TK facilities by tasking their computers to come up with a listing of all Agency-sponsored SI/TK accesses in industry. From this list we were able to develop the names of [REDACTED] companies that had SI/TK facilities. These companies, however, had either been audited by us in the past or appeared on other lists. Therefore, they were unable to furnish any additional names.

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The latest CONIF computer printout was reviewed page by page. The printout lists [REDACTED] contractors with TS contracts that were not listed on the priority lists previously furnished. It should be noted, however, that most are recent additions, and some have very small contracts.

MOST OF THESE DO WORK AT HQ - NO CLASSIFIED WORK OR STORAGE AT THE FACILITY.

Thus we have an addition of 38 companies that we can add to our priority listing from OL.

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Contact was also made with [REDACTED] who assists in the preparation of the OD&E STEPS computer printout. He advised that he would be able to furnish a special printout that would provide a total alphabetical listing of all contractors in the [REDACTED] world that were Agency connected, along with the status of the contract, the dollar value, and the scheduled date of completion. In the future, he will furnish this run on a quarterly basis. The initial run listed eight contractors not previously listed by OD&E.

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This research then has developed the names of [REDACTED] contractors who can be considered priority "A" without resorting to use of the "longevity" criteria. It seems to me that a far better criteria than longevity would be a criteria based on number of classified contracts and dollar value. The CONIF run was reviewed page by page, and 15 new audit possibilities were discovered using this criteria.

SENSITIVITY OF WORK IS BETTER INDICATOR THAN \$ VALUE

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In view of the above, it seems to me that our auditable universe becomes about [REDACTED] that we have already done plus approximately [REDACTED] (newly discovered companies). Attached are 5 lists documenting research done to develop the [REDACTED] companies. 25X1A

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Describe the Target: I believe our target is time limited. Now that we have developed a reservoir of [REDACTED] new companies to audit, this should be sufficient to carry us to the next fiscal year, especially if, as planned, some reaudits will be injected. However, after that, most of the "significant Priority A" contractors will have been audited. I feel strongly that we should not attempt to audit all of the [REDACTED] as the small companies can be very adequately checked through inspections by ISO's. There fore, it appears that during the next 9 months our targets will be contractors on our new priority lists plus periodic reaudits. After that our targets should be reaudits plus any new contractors in the priority "A" category that may enter the scene. This should then put the reaudits on a 2-year-plus cycle. I feel this is acceptable, for to reaudit in less than 2 years would constitute harrassment. 25X1A

In the future, ISB will prepare all lists of contractors to be audited from our own research and will only rely on OL and OD&E to furnish us with companies they want audited for special reasons. Additionally, a general audit list will be prepared before each quarter and coordinated with OL and OD&E. ✓

This coordination is essential to preclude going to companies just inspected by ISO's, going to companies where contracts have been recently cancelled, and to allow them to voice any operational objections they may have prior to the audit being set up for a specific audit date.

I hopeth this prose has enlighten^Ned thee regarding the future course of ISB, but if this falls short of an adequate report someone else will revise it, not me!

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